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Letter dated 4 May 2000 from the Secretary-General addressed to the President of the Security Council

I have the honour to transmit to you herewith a letter dated 3 May 2000 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina (see annex).

I should be grateful if you would bring this letter to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

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Annex

Letter dated 3 May 2000 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina

I have the honour to transmit to you the sixteenth report on the activities of the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina. I would appreciate your making this report available to the Security Council.

(*Signed*) Wolfgang **Petritsch**

Enclosure

Report by the High Representative for the Implementation of the Peace Agreement to the Secretary-General

Late October 1999–mid-April 2000

Pursuant to Security Council resolution 1031 (1995) of 15 December 1995, in which the Council requested the Secretary-General to submit reports from the High Representative in accordance with Annex 10 of the Peace Agreement and the Conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present the sixteenth report to the Council.

The report covers the activities of the Office of the High Representative and developments in Bosnia and Herzegovina during the period from late October 1999 to mid-April 2000.

SUMMARY

- Slow progress with consolidation of efficient State Institutions
- Agreement on steps that Bosnia and Herzegovina must take to bring it closer to European integration
- Progress with "ownership" and development of civil society
- Welcome increase in number of minority returns
- Local elections bring some improvements for position of moderates
- Disappointment that authorities continue to resist economic change

POLITICAL

STATE INSTITUTIONS

1. State institutions, with the notable exception of the Council of Ministers, continued to meet regularly but failed to take significant decisions or adopt legislation at a satisfactory pace. The years since the signing of the Dayton-Paris Accords have largely failed to overcome the ruling political parties' opposing visions of the State. Delayed contributions by the Entities, who finance almost entirely the State budget, also undermine the functioning of the state institutions.

2. At its appearance before the United Nations Security Council in November, the **Presidency of Bosnia and Herzegovina** reaffirmed in the "New York Declaration" its commitment to the Dayton-Paris Accords and to the need to press ahead with the full integration of Bosnia and Herzegovina into European structures. The Presidency made several specific commitments including the establishment of a permanent Secretariat, support for the adoption of a Permanent Election Law, the creation of a single national passport, and an agreement on the framework of the State Border Service. Although on February 28th the Presidency submitted to the United Nations a positive report on the implementation of the Declaration, I have found the results quite disappointing.

3. The Presidency adopted in December 1999 a decree regulating the functions and composition of the Secretariat. While this was a positive step, I am concerned that the Presidency did not include a provision for funding and has based recruitment for Secretariat positions on political considerations. Despite lengthy and difficult negotiations by my Office and the OSCE with local political parties, the draft Permanent Election Law was voted down twice by the State Parliament. No draft law or amendment has been submitted to Parliament which would create a single passport. A draft Law on the State Border Service, submitted to Parliament based on the Presidency agreement reached in New York, was not passed and I was forced to impose it on January 13th.

4. The **Parliamentary Assembly** adopted in November 1999 its Work Plan -- but only for the year 1999. In a welcome step, also in November, the Parliament adopted two important laws -- the Law on Asylum and Immigration and the Law on Refugees and Displaced Persons -- both of

which were pending for more than a year. However, such legislative progress was the exception rather than the rule during the reporting period. The Draft Permanent Rules of Procedure for Parliament have been introduced into the legislative procedure. The Working Committees are meeting regularly, but improvement in efficiency and substantive discussion is needed if the Parliament is to become fully functional.

5. Overshadowing the **Council of Ministers** during this reporting period were the decisions of the Constitutional Court. On August 14, 1999, the Constitutional Court declared the dual chairmanship of the Council to be unconstitutional; the Court issued a subsequent decision in February invalidating future decisions of the Council pending compliance with the Court's earlier decision. A new Law on the Council of Ministers was finally adopted by the Parliament on April 13, 2000, as proposed by the Presidency. Although I am pleased that local authorities finally addressed this issue, I remain concerned with the legal and practical implications of the provision that the Chair of the Council rotate every eight months. The creation of three new ministries -- the Ministry for Human Rights and Refugees, the Ministry for Treasury of State Institutions, and the Ministry for European Integration and the Stability Pact -- is a welcome development, but seems to be motivated by a perceived need for ethnic parity rather than by the efficient running of Government.

6. During the reporting period, prior to its invalidity, the Council adopted several important draft laws on the creation of a state treasury, national holidays and an annual state budget.

MUNICIPAL ELECTIONS

7. On April 8th, Bosnia and Herzegovina held its second municipal elections, without significant incident or disruption. The overall participation was relatively high, around 66 % of the total electorate, with a higher turnout in the Republika Srpska despite calls by nationalist Serb Radicals for a boycott of the elections. Party pluralism improved, but nationalist parties continue to dominate in predominantly Croat or Serb municipalities. In Bosniak-majority areas, the multiethnic Social Democratic Party (SDP) made significant breakthroughs, particularly in urban areas. These elections were the first to be held under new Provisional Election Commission rules, which prevented those who illegally occupy apartments from running as candidates and elected officials from simultaneously holding senior positions in public companies.

FEDERATION AND REPUBLIKA SRPSKA

8. On November 29, the OSCE Head of Mission and I dismissed twenty-two public officials throughout Bosnia and Herzegovina for serious and persistent obstruction of the Dayton-Paris Accords; these officials are also barred by the Provisional Election Commission from running in future elections. This decisive action received widespread public support. Despite some efforts at non-compliance, these officials have all stepped down.

9. In the **Federation**, the Parliamentary Assembly continues to meet regularly, but its functioning is still hampered by a lack of political will, in particular in the upper House. While agreement is generally reached on economic legislation, laws regulating essential issues such as judicial reform, pension and invalid insurance funds are procrastinated. Following the election of a new Speaker at the beginning of February, the House of Peoples is now expected to make up for lost time and adopt long overdue legislation. The Government of the Federation continues to suffer from parallel lines of authority along ethnic lines; the Bosnian-Croats regularly complain of being side-lined by their Bosniak colleagues in government decision-making. The results of parliamentary and presidential elections in Croatia, while promising,are too recent to have more than limited effects in Bosnia and Herzegovina thus far. My expectation is that the new Croatian government's moderating influence on Bosnian-Croat politics will show significant results only in the medium term.

10. In the **Republika Srpska**, the ruling Sloga coalition has come under considerable pressure as a result of both internal and external disaffection. Most recently, the Socialist Party of the Republika Srpska (SPRS) withdrew from Sloga, with its anti-government faction forming the new Democratic Socialist Party (DSP). Nevertheless, Prime Minister Dodik has withstood these repeated attacks on his authority.

11. Vice President Sarovic, of the SDS, attempted to assume the presidency of the RS. I continue to believe that this would not serve the interests of the Republika Srpska, or of political stability in Bosnia and Herzegovina in general. I have continued to remind Vice President Sarovic and the SDS that they still have a way to go before they can expect the confidence and support of the international community. The Sloga-led government has taken a decidedly cool attitude toward the Milosevic regime, to the point of supporting and hosting meetings of the FRY opposition.

12. In what was an appalling attack on press freedom, Nezavisne Novine editor-in-chief Zeljko Kopanja suffered grave injuries from a car bomb attack in October, which took place after he had published articles detailing war-time atrocities by Serbs.

THE BRCKO DISTRICT STATUTE AND GOVERNMENT

13. On December 7, 1999, the Statute of the Brcko District of Bosnia and Herzegovina was made public. On March 8, 2000 the District was officially proclaimed, with the appointment of the interim government and District Assembly selected by Supervisor Farrand based on professional credentials.

14. Little tangible progress on the privatization of state-owned enterprises was made during the period under review. With entity privatization programs experiencing difficulty, the Supervisor is working with the German Development Agency (GTZ) to establish an expedited privatization programme for the District.

15. All elements of the ABiH and the HVO were removed from within the boundaries of the pre-war Brcko Municipality during this period. The last phase of demilitarization will be completed when the VRS relinquishes control of its properties within the pre-war Brcko Municipality. Entity armed forces located within the pre-war Brcko Municipality will either be disbanded or relocated under the directives issued by SFOR and in compliance with the provisions of the Final Award.

16. The tri-ethnic, 320-person strong Brcko District Police Service was fully restructured and integrated by the end of the reporting period.

17. The rate of returns into Brcko District has been initially slow but several dozen minority families have, for the first time, had their property reinstated in Brcko town. The Multiethnic Housing Commission, established by OHR-North in September, has targeted families who occupy more than one dwelling unit or who have sold their residences in the Federation and are illegally occupying another person's home.

LEGAL ISSUES

18. **The Constitutional Court of Bosnia and Herzegovina:** Since my last Report, the Court has held two sessions to continue deliberation of the 'constituent peoples case', concerning the constitutionality of certain provisions of the Entities' Constitutions. It issued a partial decision in March on property relations. Although the Court again stressed the importance of being in full composition while deciding this case, the National Assembly of Republika Srpska has not complied with the Court's request to appoint a new judge to replace the resigned judge Arsovic. The financial situation of the Court has been improved as the monthly allocations have been so far regularly transferred to the Court during the reporting period.

19. **Civil Service:** My Office, in close collaboration with Sigma and the PHARE programmes of the European Union, has established a working group on public employment which is now considering a draft Law on Civil Service of Bosnia and Herzegovina. The adoption of this law, which would ensure the recruitment and the appointment of an impartial and professional Civil Service, is a prerequisite for an efficient and effective work of the common institutions.

20. **Institutions of Bosnia and Herzegovina**: The joint working group of my Office and representatives of the Council of Ministers, established to review a wide variety of governmental institutions which existed in the pre-Dayton period and to propose modernized legislation for these bodies where appropriate, is meeting regularly. It has set priorities and is reviewing important structural, operational and financial information from many of the affected institutions. Among its first points of focus have been the Office of the Public Attorney, the Institute for Standardization, Metrology and Patents, and the Public Health Service. Through this process my Office is promoting the effective structure and functioning of numerous essential activities, within the context of a proper distribution of competencies among the State and the Entities.

21. **Laws on Identity Cards and Temporary and Permanent Residence of Bosnia and Herzegovina**: The two draft laws, the products of extensive discussions among OHR, UNHCR, OSCE and UNMiBH, take into particular account the specific situation of displaced persons and refugees and have now been sent for the written comments to the relevant ministries. The draft Law on Temporary and Permanent Residence is currently being reviewed by the Council of Europe.

22. **Natural Resources Law and Policy**. Several key studies that have analyzed the needs for policy and legislation in the water sector are now concluded and ready for implementation. Together with the donor community and the governments of both entities, my office will work on a smooth introduction of the proposed measures that will provide the country with a water management policy and legislation compatible with European standards.

23. **Fight against Drugs**: My Office hosted a Joint State-Entity Ministerial meeting on the fight against drugs in February. Ministers presented concluded unanimously that cooperation in this field is necessary as well as necessary legislation at the state as well as entity level.

24. **Local Self Government**: Each Cantonal Government in the Federation has prepared laws on Changes and Amendments on Law on Local Self Government in line with the comments of the Council of Europe. These laws will be harmonized with European Charter on Local Self Government and European Standards. Sarajevo Canton has started the implementation of the transfer of competencies from Sarajevo Canton to the City of Sarajevo.

25. **Criminal Law**: The Republika Srpska National Assembly has failed to put on its agenda a draft Criminal Code for Republika Srpska agreed by the RS working group and the International Community. This situation has negatively affected the progress of updating the Federations Criminal Code. My office is closely monitoring this situation.

26. **Annex 8**: As a result of lengthy consultations between my Office and UNESCO, pursuant to the mandate of Annex 8 of the Dayton Agreement, a proposed Law on the Protection of the Cultural Heritage of Bosnia and Herzegovina was submitted to the Council of Ministers in December 1999.

MEDIA

27. Active reform of the Public Broadcasting System (PBS) has commenced. In February, the illegal broadcasts of HDZ controlled Erotel TV were successfully halted in a joint IMC/OHR operation, supported by SFOR. Strategically important network frequencies were thus liberated for use by Federation Radio Television. Concurrently, the management of RTVBiH was replaced by the Public Broadcasting Service Board of Governors and an Interim Management consisting of the new Director and Deputy of Federation Radio Television was appointed.

28. The international Transfer Agent of RTVBiH has been appointed and commenced work in April. The property of the old broadcaster is being assessed with a view to apportioning it to the

national PBS, Federation Radio Television and to extract the transmission system for use by a future nationwide Transmission Company, TRANSCO.

29. Legislative reform of the public broadcasters remains behind schedule. The Federation Parliament has yet to ratify the legislation imposed by the High Representative in July last year. The RS Government has failed to develop an acceptable draft law for RT RS, and the law on PBS cannot be drafted until the PBS Board of Governors has agreed on a concept for the nationwide public broadcaster, in consultation with the Transfer Agent.

30. Draft legislation on Freedom of Information at state and entity level has been prepared by an expert group, sponsored by OSCE and in coordination with OHR. It will be issued to the public and legislatures for comment in May, and draft legislation to decriminalise Defamation, Slander and Libel will be released in the Autumn. The aim is to have both Freedom of Information legislation developed as an issue for elections in the Autumn and for both pieces of legislation adopted by the end of the year.

31. Contrary to their commitments to Republika Srpska Television, and contravening legal provisions, the RS government continues to delay monthly payments to RTRS. This failure to fulfill its obligations leaves RTRS staff deprived of regular monthly salaries and places unnecessary financial burdens on the broadcaster.

32. In November the IMC announced its plans for the second phase of the licensing procedure. This entails the granting of long-term (2 or 5 year) licences. Following the successful completion of the first phase, the IMC now has the required information on all existing broadcasters, allowing it to develop and implement a frequency spectrum plan. In this second phase all broadcasters will have to meet much higher standards, including those technical standards laid down by the International Telecommunications Union. In order to address the specific problems of broadcasting in Bosnia and Herzegovina, the IMC has developed a detailed body of regulations for the second phase of licensing. These regulations include: A Statement on Goals and Policies for Phase II, Definition and Obligations of Public Radio and Television Broadcasting, Compliance with Copyright Obligations and Guidelines on Accuracy and Balance.

33. Following the introduction of the Code on Media Rules for Elections, which was released in March 1999, the IMC introduced in January supplementary Guidelines for Equitable Access to Media in Election Periods. All broadcasters and print media are required to give fair coverage and equitable access to all registered political parties, coalitions and independent candidates in elections at any level in Bosnia and Herzegovina. The new Guidelines are intended to help the broadcast media and political units in adhering to the Provisional Election Commission Rules and Regulations and to any rules of the IMC, during an election period.

ECONOMY

34. **Highlights:**

- Foreign Reserves grew substantially.
- US Budgetary Support to the RS was completed.
- IMF releases Stand-by Arrangement funds.
- Given slow progress in privatization, the Economic Task Force is reviewing options.
- The International Community is concerned about the Federation Law's financial burden on companies.
- The Federation pension funds face resistance to unify.
- The Anti-Corruption and Transparency (ACT) Group is working effectively. Transparency International's local chapter will empower "ownership" concept.
- Bank privatization faces low progress. My Office is considering various means.
- Reform of Payment Bureaus is progressing satisfactorily.
- A new foreign investment promotion strategy is in place.
- A trade agreement with the European Union will allow Bosnia and Herzegovina to trade preferences.
- State public corporation for road infrastructure is founded. Progress on Commission on Public Corporations and general restructuring and reform in public utilities.
- Increasing focus on agriculture sector.

35. **Increasing Use of the Konvertible Mark and the Growth of Foreign Reserves:** The fourth quarter of 1999 witnessed very strong growth in KM sales and foreign reserves of the Central Bank of Bosnia and Herzegovina reached DM 877 million on December 31 – three times as high as in the beginning of the year. Critical in this improvement has been the exclusion of DM and Kuna transactions in the Federation Payment Bureaus. In March, the Czech Republic and Slovakia joined the other six European countries where trading in KM is allowed, thereby expanding the international acceptance of the currency.

36. **Budgetary Support:** The Government of the United States had provided US$10 million for budgetary support to the Republika Srpska. The assistance benefited more than 17,000 employees with net salaries (excluding social security contributions) in the Ministry of Education. A part of the assistance also assisted the workers of the Ministry of Refugees and Displaced People. Support from the Government of Switzerland (Swiss Francs 1.9 million), was evenly shared between the two Entities, to aid the education and health sectors in the Federation and the health sector in the RS. These programs were designed to alleviate the impact stemming from the Kosovo crisis.

37. The IMF completed its second and third reviews of the Stand-By Arrangement and made available $15 million immediately. This action was possible following the Federation adjustment to its 2000 budget regarding transfers to the State for administrative expenses and payment for external debt charges. The Federation also harmonized the law on excise taxes and removed various sales tax exemptions; the RS is expected to harmonize its excise taxes in the next month.

38. **Privatization:** A non-navigable bureaucracy, legislative barriers, resistance from enterprise managers, and political resistance have been the central obstacles to a rapid privatization. The US Government decided to temporarily suspend its assistance to the Federation privatization program; further technical assistance is conditioned on progress. The Economic Task Force is considering measures including the establishment of a Federation central tendering office, the appointment of international experts to the privatization agencies and a strategy to address co-capitalized companies.

39. The State Draft Law on Restitution in Bosnia and Herzegovina, drafted by my Office, has not yet been considered by the State Parliament. The Federation Law on Restitution is pending before the Federation Parliament due to disagreement on contentious issues such as the restitution of socially owned apartments. In the Republika Srpska, a Draft Law on Restitution has been submitted to the National Assembly.

40. With the initiative of my Office and financial support from the US Government, the RS authorities opened satellite offices in the Federation to assist those persons eligible under the RS privatization scheme. A similar office in Banja Luka, supporting the Federation scheme, was established earlier in 1999. Registration of claims in the RS commenced in early January through many permanent and mobile registration points including in the Federation.

41. **Passage of the Federation Labour Law:** My Office and members of the international community regret the passage of this law which includes means of compensation for employees currently on or eligible for registration on the "waiting lists" which would place the financial viability of many firms at risk. My Office is working in a special commission with the relevant Federation ministry and the international community to address this law and other related laws.

42. **Pension Reforms:** The draft Law on Pension and Invalid Fund Organization, which provides for the merging of the sharply divided Sarajevo and the Mostar pension funds, was not approved. Nevertheless, a series of essential urgent reforms necessary for the merging will be implemented. The international community's unified position on adhering to strict conditions will prevent the release of an additional tranche and new credit lines from the World Bank.

43. **Fight Against Corruption:** The Anti-Corruption and Transparency (ACT) Group, whose members are major international agencies present in Bosnia and Herzegovina, regularly met to implement the Comprehensive Anti-Corruption Strategy to reinvigorate efforts and priorities. My Office organized the visit of Transparency International (TI) representatives for eventual establishment of an independent and locally owned Chapter. I strongly support this. A non-governmental organization will demonstrate the "ownership" concept by empowering local

authorities and citizens with initiatives and responsibilities. The TI Chapter will monitor and advise governments on anti-corruption efforts and raise public awareness. Local "champions of change" in the local Chapter are presently being identified.

44. In February, my Office organized the Bosnia and Herzegovina Anti-Corruption and Transparency Conference which called for concrete steps to be taken by the relevant political authorities against corruption and fraud, as well as improving transparency and addressing conflicts of interest. To increase awareness and support for these objectives, an anti-corruption public awareness campaign was launched, which has just completed its first phase successfully. Several anti-corruption and capacity-building seminars and workshops involving local judiciary and law enforcement agencies were held.

45. A good success in the fight against corruption and fraud was achieved in March with the abuse of office conviction of the Tuzla ex-cantonal prime minister and members of his administration. My Office continues to closely monitor and assist local authorities in investigating and prosecuting corruption cases, and works closely with UNIPTF, UN Judicial System Assessment Programme, European Union's Customs and Fiscal Assistance Office to Bosnia and Herzegovina and other international agencies.

46. **Bank Privatization:** The bank privatization in the Federation is being implemented, pursuant to the Law on Privatization of Banks. Majority of state-owned banks should be privatized by August 2000. Concerned with the slow pace of bank privatization and reform, my Office is working with the international community to develop a strategy to address technical, legal, and political problems in the near term.

47. **Reform of Payment Bureaus:** The transformation of the Payment Bureaus, to be completed by the end of the year 2000, is an imperative economic reform. The International Advisory Group on Payment Bureau Transformation, of which my Office is a member, advises and assists the authorities in both Entities. In both Entities, the Governing Boards of the Payment Bureaus have committed to the transformation process. However, there is some reluctance on change from the employees.

48. Various working groups for the transformation of the Payment Bureau functions to the State and entity levels are being established though staffing and equipment for the receiving institutions must still be secured. Financial verification of the Payment Bureaus' assets has been completed with a final audit reported expected by mid-April. A tender announcement for the establishment of a clearing-house, which will handle all transactions and thereby reduce bank risk, has been published.

49. **Foreign Investment:** Based on the Law on the Policy of Foreign Direct Investment a new Foreign Investment Promotion Agency (FIPA) at the State level was founded. The Foreign Investment Advisory Service (FIAS – a joint service of the International Finance Corporation and The World Bank) presented a framework on foreign investment promotion strategy for FIPA. The European Union and FIAS will provide further technical assistance.

50. **External Trade of Bosnia and Herzegovina:** According to the official data, Bosnia and Herzegovina imported four times more than it exported. Compared to 1998, exports in 1999 from Bosnia and Herzegovina and the Federation grew by 32 percent and 54 percent respectively, whereas RS exports remained at the 1998 level although there was a strong recovery in the second half of 1999, following the Kosovo crisis. A trade agreement with the European Union came into force on January 1, 2000. It regulates the imports of products from Bosnia and Herzegovina and Croatia to EU member countries. The agreement is expected to mitigate the trade deficit of Bosnia and Herzegovina.

51. **GDP Growth:** Recent estimates suggest that real GDP growth for Bosnia and Herzegovina in 1999 will be between 5-8%. In the Federation and in the Republika Srpska, industrial production in 1999 registered at 10.6 percent and 1.6 percent respectively. While the Kosovo conflict had repercussions on the economy of Bosnia and Herzegovina, the delays in the restructuring of the socially owned enterprises were more significant. Forecast of real GDP growth for Bosnia and Herzegovina in 2000 varies between 7 percent and 14 percent. According to recent data from the agency for Statistics of Bosnia and Herzegovina, production of more than 400 products has not resumed or experienced a sharp decline after the war. Destruction of production capacities and loss of markets including those with the Federal Republic of Yugoslavia are the chief reasons.

52. **Statistics:** My Office continues to assist the activities of the state-level Statistics Institute, a success story within the establishment of State Institutions in Bosnia and Herzegovina. Donors' interest is constant and significant. A draft Law on Statistics at the State level has been finalized and stands ready for the parliamentary procedure.

53. **Reform of Public Utilities and Implementation of Annex 9:** The Commission on Public Corporations (CPC) has established several working groups to review reform needs with respect to ports, posts, the gas sector and broadcasting transmission infrastructure. Creation of Inter-Entity Public Corporations in these sectors is also being assessed. There was consensus on the benefits of creating a Broadcasting Infrastructure Corporation ("TRANSCO"), subject to further analysis. The Commission agreed that the gas sector needed restructuring and tasked the working group to develop countrywide solutions.

54. **Road Infrastructure:** On March 6, the Entity authorities signed the agreement creating the Bosnia and Herzegovina Road Infrastructure Public Corporation (BRIC). This is the second public corporation under Annex 9. BRIC will enable institutionalized cooperation, advance joint planning and expedite the implementation of urgent road improvement projects of importance to both Entities. A high quality, economically sustainable highway network will facilitate the single economic space and the connection of Bosnia and Herzegovina with the rest of Europe. BRIC will have its seat in Banja Luka and a tripartite Management Board. A 12-member Board of Directors will exercise corporate control and provide strategic direction.

55. **Energy Sector: Electricity**: Ministries of Energy in both Entities, with support from Norwegian experts, have prepared Entity Electricity laws. Preparation of a new State Energy Act is underway. A feasibility study has been completed which evaluated priorities and reconstruction sequencing for high-voltage transmission components to be funded by the World

Bank. Furthermore, the Joint Power Co-ordination Centre has launched a feasibility study of SCADA (Supervisory Control and Data Acquisition) Systems which will help to modernize power systems management in preparation for joining the European grid system. **Gas:** The CPC Gas Sector Working Group has concurred that the gas sector requires deregulation and privatization and establishment of a radically new legal and regulatory framework. The industry is to be divided into three sectors: supply, transmission and distribution. **Coal:** US experts began a study of restructuring options for the coal industry in the Federation financed by the US Trade and Development Agency. The results are expected in the spring of 2000.

56. **Telecommunications:** On February 24, the Telecommunications Regulatory Agency (TRA) received its first mobile monitoring station, donated by the International Telecommunications Union (ITU). This sophisticated equipment will greatly enhance the ability of the Agency to control the frequency spectrum of Bosnia and Herzegovina. The TRA also signed a normalization agreement with SFOR, which allows for the return of certain frequencies to civilian authority. On March 14, the TRA adopted a regulation concerning the Telephone Numbering Plan for Bosnia and Herzegovina. The plan is a major step forward in creating a modern and efficient telecommunications sector as it establishes uniform dialing in the entire territory of Bosnia and Herzegovina. A "Roaming" arrangement between the mobile networks of Federation's PTT BiH and Mobile Srpska should be operational soon.

57. **Postal Service:** The Working Group on a Postal Public Corporation agreed to engage an independent international consultant to carry out a feasibility study of options for a country-wide postal corporation for all postal services. In addition, a Postal Master Plan will be prepared which would focus on the challenges of the evolving competitive environment. The separation of postal services from telecommunications in the Federation PTT, targeted for mid-2000, is a significant next step of postal reform.

58. **Agriculture:** My office has increased its focus on the agriculture sector as it is an important segment of the economic landscape. Many links in the agricultural production chain are weak which is exacerbated by increased imports, both legal and illegal. Marketing poses another particular problem as former markets have been lost and managers remain uncertain on finding new markets. A central priority in the agricultural area is the harmonization of standards and legislation in conformity with a single economic space. My office will also focus on the policy environment to allow private businesses to grow. It may also act as a facilitator with international participants to maximize the effect of aid, particularly as regards refugee returns and sustainability. Currently, animal diseases are increasing in both type and census and OHR has responded to ameliorate this pressing concern.

RULE OF LAW AND JUDICIAL REFORM

59. I am pleased to announce that the priorities outlined in the OHR Comprehensive Judicial Reform Strategy, the "road map" for the international community's efforts in judicial reform, are being implemented. Notably, the goal of creating an independent and impartial judiciary has been advanced considerably by the completion of laws regulating the selection and dismissal of

judges and prosecutors (The Federation House of Representatives passed the Law on Judicial and Prosecutorial Service and the RS Law on Courts and Court Service). My Office, which has coordinated the international community's participation in the development of these laws, has focused on their passage by the respective legislatures. I must report insufficient progress from those domestic organs. We will consider our available alternatives if the domestic bodies do not pass the legislation in a timely fashion. Once in place, my Office will focus on ensuring that they are promptly implemented.

60. My Office has emphasized the implementation of the imposed amendments to the Federation Law on the Supreme Court and the Law on the Federation Prosecutor's Office. These laws will create a trial chamber within the Supreme Court for certain "federal crimes" with an inter-ethnic dimension. Cases, primarily relating to drug trafficking, have already been sent from the Cantons to the new chamber and my Office has continued to support full funding by the Federation Government.

61. OHR has continued to promote the establishment of a nation-wide structure for judicial training. Judicial training laws are now at a progressed stage of drafting in both entities. A Joint Advisory Board linking relevant officials from both entities was formed by agreement at a meeting at the Council of Europe in Strasbourg in February 2000. My office has also taken the lead in bringing together those parties in Government and the international community whose cooperation is essential to achieve this goal. OHR has further organized and/or participated in a variety of seminars, round-tables and training sessions for judges, prosecutors and human rights officers throughout Bosnia and Herzegovina.

WAR CRIMES TRIALS AND DOMESTIC COURTS

62. **Domestic War Crimes Trials:** After almost three years in prison Ibrahim Djedovic was on 27 March 2000 acquitted of all charges and released. My office has closely monitored Djedovic's case from the time of his arrest in Parliament and welcomes this latest decision. The trial against Miralem Macic, Josuf Potur and Adem Landzo continued in the Herzegovina-Neretva Cantonal Court on 7 February for war crimes against civilians related to the murder of the Golubovic family in Konjic in July 1992. In a surprise development on 2 February the Cantonal Court revealed that three co-defendants charged with less serious crimes were pardoned under the Federation Amnesty Law.

63. **Cooperation with the ICTY:** Since my last report, SFOR have continued to apprehend individuals suspected of having been responsible for serious violations of international humanitarian law on the territory of the former Yugoslavia. On 3 April, SFOR arrested the most senior figure to date, Momcilo Krajisnik, the former President of the war-time Bosnian Serb Assembly and former Serb member of the Presidency of Bosnia and Herzegovina. On April 22nd, SFOR arrested the first individual indicted by ICTY, Dragan Nikolic. This brings the number of individuals apprehended by SFOR to a total of 20. Another 12 individuals have surrendered themselves voluntarily to the Tribunal while local police has apprehended 9 individuals. I welcome these most recent arrests and I continue to support the efforts to arrest

and bring the remaining 28 publicly indicted suspects still at large to stand trial before the Tribunal.

64. **Missing Persons and Exhumations**: My office continues to work closely with the three parties on this important issue. Most recently intervention from my office ensured cooperation of the Federation Minister of Finance who needs to disburse funds already allocated by the Parliament for this purpose. Consequently, I expect the Bosniak and Bosnian-Croat Commissioner to immediately begin exhumations. On the Bosnian-Serb side, my office continues to seek solutions to ensure financing so this important work does not come to a halt.

HUMAN RIGHTS INSTITUTIONS

65. Since my last report, improvements have continued to be seen in the implementation of the decisions of the Human Rights Chamber, recommendations of the Ombudsperson and decisions of the CRPC. Compensation awards issued by the Chamber in both the RS and the Federation have been almost paid in full, a marked improvement since the last report. However, property related matters continue to be among the most difficult to implement. Decisions regarding property are generally only implemented with strong international community pressure, and there is no indication that the governments have taken appropriate steps to prevent future property-related violations of the European Convention on Human Rights and other international human rights instruments.

66. There have been developments in the progress of draft Ombuds-Institution legislation have been made in the draft legislation since my last report. The Federation has adopted the legislation in the House of Representatives, although progress in the House of Peoples has been slow. The State law is at the level of the appropriate Minister, progress from the last report. In February, the Republika Srpska adopted its Ombudsman legislation, of particular importance as there has been no Ombudsman at the RS level.

67. The impartial and rigorous criminal investigation demanded by the Security Council and the Ombudsperson of Bosnia and Herzegovina into the events surrounding the Mostar incident of 10 February, 1997 has taken place and was carried out by local police officers under the supervision of UN IPTF and UNMIBH, and the report of the investigation has been transferred to the local prosecutor for action. Further action must wait until the hiring of new judges at the municipal court level in Canton 7.

68. Continued difficulties are anticipated, however, in the implementation of the Human Rights Institutions' recent decisions which require the eviction of current occupants of previously abandoned accommodation. In addition, the Republika Srpska has not complied with the order of the Human Rights Chamber to provide all available information on the Father Matanovic case involving the disappearance of a priest and his family near the end of the war. Further, as stated in the last report, the Republika Srpska has still not complied with the order in the Islamic Community case of the Human Rights Chamber in which it must allow for the construction of enclosures and issue permits for the building of mosques in the Republika Sprska.

69. I remain concerned with the lack of State funding for the Annex 6 and 7 Institutions. Requests for an increase in funding from the inadequate level of KM 200,000 to KM 600,000 were rejected, while the amount adopted in 2000 is KM 400,000 each. This amount is far less than would be required to cover the salaries of national staff alone. Continuing improvement in the co-operation between the government representatives (agents) to the Human Rights Institutions has been seen since the last reporting period, although funding and support by the Republika Srpska for the office of its representative has been lacking.

70. Legislation implementing the decisions of the CRPC has been drafted and was imposed by the OHR in October 1999.

PROPERTY

71. As I noted in the last report, on 27 October 1999, I took a Decision to substantially amend property laws in the Republika Srpska and the Federation. The international community is now monitoring the implementation of the laws throughout Bosnia and Herzegovina. The registration of claims is largely complete in the Federation and, with the passing of the 19 April 2000 deadline in the for claiming socially owned apartments in the Republika Srpska, the registration of claims is also largely complete in the Republika Srpska. However, most claimants have still not received decisions confirming their property rights. This is due to a lack of political will and, in many parts of the Republika Srpska, a lack of funding for the housing authorities.

72. Despite the overall lack of implementation of individual claims, there are signs that some housing authorities are starting to implement property laws and ensure the enforcement of their decisions. However, success in Croat-controlled areas remains elusive. My office is consulting extensively with Entity Governments and other officials regarding how best to ensure that momentum in implementation is achieved through the upcoming return season.

EDUCATION

73. The first phase of the textbook review achieved mixed results which cannot be regarded as entirely satisfactory; the numerous spot checks which were carried out in autumn 1999 proved that the best level of compliance with the terms of the Textbook Review Agreement was achieved in the Bosniak part of the Federation, followed at a certain distance by the Croat part of the Federation and finally by the RS. A second phase of this review process will now be carried out, focusing more in depth on the content of the "national" subjects and on supplemental annexes to be appended to the imported textbooks, which are still widely used in the Croat part of the Federation and in the RS. The review will mandate further changes and improvements until new textbooks can be printed based on new curricula which will reflect accepted European standards. I am reasonably optimistic that this second phase can be carried out before the beginning of the next school year, although further delays and obstruction is expected.

74. My office continues to support the work of UNESCO, the Council of Europe, the World

Bank, the European Union and others in their ongoing efforts to reform the education system of Bosnia and Herzegovina at all levels. This office provides the necessary political coordination between these organisations, and political backing and pressure as required, as they address issues such as: curricular reform, educational standards, governance and financing issues, capacity building in higher education, teacher training and teaching of human rights, citizenship and civics education, political leadership, public administration and business education in local universities.

75. My office is also in the process of sensitizing the public of Bosnia and Herzegovina at large of their primary interest in and responsibility for education matters. Round-tables throughout the country will continue to take place, with a special focus on pupils, students and young people. The first such events showed a broad consensus on the urgent need to desegregate education and to provide a context in which young people can again learn together and from one another and thus share again their common heritage.

CIVIL SOCIETY

76. Efforts to develop the capacity of civil society, through NGOs, to address human rights issues and to ensure the sustainability of human rights activities have continued. Thus, three drafts, state level and two entity laws, on associations and foundations were reviewed by OHR and are expected to enter the legislative process shortly.

77. Cooperation between NGOs and the international community was increased within this period and networks have become more sustainable and operational involving NGOs from almost all territory of Bosnia and Herzegovina. Nevertheless, only a few efforts have been undertaken in the development of capacity of local human rights NGOs to ensure sustainability of human rights activities currently undertaken by international organizations. OHR, in cooperation with OSCE, has established a Civil Society Coordination Group which consists of several intergovernmental and donor organizations which address human rights and democratization. The aim of the group is to promote cooperation between agencies working to advance the ability of NGOs and other members of civil society, as well as to develop a common policy, avoid overlap and ensure a more systematic and long term approach in the advancement of a sustainable civil society.

GENDER

78. I remain concerned to ensure that the benefits of the peace-building efforts in Bosnia are equally shared by women and men and that non-discrimination be a principle applied to all of the work of this organisation.

79. To address the issue of trafficking in persons for the purpose of prostitution, I issued a Decision on October 26 1999, prohibiting any decisions on the refusal of entry against aliens

without prior consultation with the IPTF, until legislation on immigration and asylum is fully implemented. While there has been some progress in assisting the victims of trafficking, the local authorities are still not fully undertaking their responsibilities and obligations. In particular, law enforcement authorities must investigate and prosecute criminal elements involved in trafficking. Also, "safe houses" must be established for victims and witnesses, and access to medical care and other assistance must be ensured.

80. The Office of the High Commissioner for Human Rights and the IPTF organized and completed a pilot project that involves training of Zenica police, judiciary and social workers on the issues of domestic violence. We welcome this initiative and look forward to its replication across the state, as it will certainly help improve the treatment of the victims of domestic violence. In addition, important work from my office will follow to ensure more gender sensitive legal framework, particularly the Criminal Codes in the RS and the Federation. The International Community considers the establishment of state-run shelters for victims of domestic violence another priority.

81. The OSCE ensured that at the April 2000 elections women represent one third of each candidate list. The final results will show the impact of this decision. My office has also taken steps towards ensuring greater access of women to the democratic process. The draft election law, which was submitted to the governments in October 1999, obliged political parties to secure the same kind of representation for women. Unfortunately, the law was voted down several times by the Parliament, and it remains to be seen whether alternatives will also ensure women's greater representation.

SOCIAL AND ECONOMIC RIGHTS

82. My Office remains very concerned that many Bosnians face almost daily infringements of their social and economic rights, which prevent them from achieving sustainable return, and/or reintegration in their communities. Minorities and returnees face discrimination in the acquisition of identity cards, which are a basic requirement for accessing social services such as health care. Additionally, widespread discrimination results in widespread difficulties for many in accessing pensions, or securing employment. Utility companies in many parts of the country also continue to discriminate against minorities and returnees.

83. With respect to employment discrimination, in November 1999, the International Labour Organization (ILO) issued a report regarding a complaint submitted by the Union of Metal Workers of Bosnia and Herzegovina and the Confederation of Independent Trade Unions of Bosnia and Herzegovina, concerning discrimination in two large Mostar-based companies, Aluminij and Soko. The report found the companies to be in violation of several ILO Conventions to which Bosnia is signatory, and recommended the Government of to take necessary measures to ensure that the workers of these companies, who were dismissed during the war due to their ethnicity or religion, receive compensation. I am very concerned that these two companies have rejected the findings of the report, and have taken no steps in favour of the workers concerned.

RETURN

84. Minority returns in Bosnia and Herzegovina took place in much greater numbers during 1999 than in 1998. The estimate of actual returns for the year is 80 - 90,000, compared to 35-40,000 for 1998. Many of these returns were spontaneous and in defiance of political obstruction. Interest in return in 2000 is already very evident with preparations well underway by DP groups and municipalities for spring and summer movements. To sustain this momentum the RRTF efforts in 2000 will be focused on securing flexible support for return to breakthrough areas, the implementation of property legislation, the sustainability of existing returns via the creation of economic opportunities, and the prioritisation of cross-border movements between Croatia and Bosnia and Herzegovina.

85. Assessment visits, housecleaning and return to reconstructed units, concentrated in Central Bosnia and North-Eastern RS, continued during the winter months, albeit at a slower pace. Security incidents are now the exception and not the rule and there is an encouraging shift in many areas from SFOR to the local police as the first port of call for returnee security. However, delays in disbursement of donor funding continue to adversely affect the rate of returns. I will again be stressing the need for flexible funding to support returns in breakthrough areas in 2000. It must be noted that Federation authorities, notably Tuzla Canton, have provided significant financial and material support for minority returns to the Eastern and Northern Republika Srpska. However obstruction by local and national authorities to minority return still exists in many areas, including Srpsko Gorazde, Bocinja, Zepce and Srebrenica and my office will continue to target political interventions to unlock return potential.

86. Since the launch of the Property Law Implementation Plan (PLIP) on 27 October 1999, with the imposition of harmonized property legislation in both entities, there has been a marked increase in property repossession across the country. Progress has been steady in the Bosniak areas of the Federation and in much of the Republika Srpska. The numbers of minority reinstatements have increased in previously closed urban areas such as Doboj and Bijeljina, although notorious hardline areas such as Visegrad, Foca and Bratunac remain thorns in the side of the process. On 15 November, I issued a Decision annulling the RSNA Conclusion from November 10, which suspended evictions of certain categories of persons between 1 November 1999 and 1 April 2000. If allowed to take effect, this RSNA Conclusion would have denied refugees and displaced persons their right to return to their homes during winter. Other than Kiseljak and Kakanj however, where major improvements resulted from my removal of the respective Mayors in November, there has been little progress in Croat-majority areas.

87. At present the progress that exists is in a large part due to concerted efforts of the key International agencies (OSCE, UNHCR, OHR, UNMIBH) to systematise and depoliticise the process, however obstruction remains at all levels both in the preservation of self interest and the ethno-political status quo. It is essential that the local authorities take ownership of the process, and respect the individual rights of their citizens. In this context, my office, in partnership with UNHCR, OSCE and UNMIBH, will be working to ensure that police and prosecutors fulfil their

obligations under the law with regards to securing reinstatements and prosecuting officials who impede implementation, that double and illegal occupancy is eliminated among elected officials via the PEC rules, and among police personnel by the entity and cantonal police forces, and that the entities and cantons allocate sufficient staff and resources for housing offices and OMIs to carry out their duties. On the latter point I met the entity prime ministers in November, who agreed to ensure that adequate budgetary provisions and other support would be made available. I made clear that credible efforts to eliminate abuse of housing space had to demonstrated before the IC would consider funding any new construction.

88. As highlighted in my last report, problems of administrative integration following return, for example reconnection to basic utilities, access to documentation, pensions, schooling or prior employment remain. On the latter RRTF will, as a priority, be working with the Economic Task Force to develop the economic opportunities necessary to sustain minority returns. I am also following closely the process of residential property privatization, already underway in the FBiH, where difficulty in securing proper documentation, misinterpretation of regulations, and improper conduct by local officials and owners of socially-owned property are affecting people's right to purchase.

89. The return of the displaced within Bosnia and Herzegovina remains inextricably linked to refugee movements elsewhere in the Balkans, and particularly Croatia and FRY, as I pointed out in my last report. But I expect that the momentum associated with the newly elected Government in Croatia and the Regional Return Initiative launched by the Stability Pact will finally lead to progress on this issue. Croatian Serbs in Republika Srpska, many of whom would like to return to Croatia and whose movement would free up the space needed for Bosniak and Croat return, continue to be my particular concern. However, as I reported previously, the procedures for return to Croatia remain obstructive and a complete overhaul is required to enable Croatian Serb refugees to exercise their right to return and to instill confidence in the return process. As foreseen in the return programme, the Croatian Government must allow all its former residents, including those who for reasons beyond their control do not possess Croatian citizenship, to return. The Government of Croatia still needs to extend its consular services in full, and on a non-discriminatory basis, to Croatian Serb refugees in both Bosnia and Herzegovina and the FRY. Only by giving Croatian Serb refugees access to passports will they have genuine freedom of movement to travel to and from their homes of origin in order to make an informed decision about return.

90. Other issues that remain to be addressed by the new Government are establishment of effective mechanisms that will allow returnees to restore their property and occupancy rights; access to personal documents and non-discriminatory inclusion in reconstruction programmes. In order to bring the Croatian citizenship regime in accordance with international standards applicable in situations of dissolution of a State, the Croatian Government must amend its Citizenship Law to facilitate naturalization of former habitual residents whose genuine, effective links are with Croatia rather than with their country of asylum. The OHR will work within Stability Pact's Regional Return Initiative to help ensure that these legislative obstacles to return are removed urgently.

MILITARY

91. **State Level Security Policy:** There remains an urgent need for Bosnia and Herzegovina to establish a State Level Security Policy if it wishes to move towards membership of Euro-Atlantic structures, achieve stability and encourage investment. The Standing Committee on Military Matters (SCMM) has established a Defence Ministers' Working Group to address this issue. There has been little progress in this area as the Defence Ministers or their representatives do not meet regularly and do not operate on time lines. In addition the SCMM has established further working groups to investigate such subjects as force reductions, peacekeeping operations and the international obligations of Bosnia and Herzegovina, again there has been little progress. In 1999, a 15% reduction of the Entity Armed Forces was achieved. Bosnia and Herzegovina has announced its intention to proceed with a further 15% reduction in 2000. Bosnia and Herzegovina have also agreed to send observers on UN missions.

92. **Air Traffic Control Services:** In early January, agreements were reached with the Federal Republic of Yugoslavia and Croatia for the provision of Air Traffic Control Services over Bosnia and Herzegovina. SFOR subsequently delegated authority for the airspace from flight level 290 to 390 to Bosnia and Herzegovina on 27 Jan 00. This will result in overflight revenues, in the future, which will be used for the purpose of installing and upgrading air traffic control facilities in accordance with ICAO requirements.

93. **De-mining:** In 1999 more than 500 houses, 1,800,000 sq. meters of agricultural areas, 26,000 sq. meters of urban areas were de-mined. At the end of 1999, the whole de-mining structure review was concluded and approved by the Board of Donors. This process should help improve the efficiency of the de-mining effort. To achieve the aim of removing all mines within Bosnia and Herzegovina within a reasonable period donor support will need to be maintained. A Strategic Advisor is currently being recruited. The role of the Advisor will be to reassure donors that their contributions are being used efficiently, to combat corruption and provide the de-mining programme with a high level of integrity.